

# Conducting Rapid Market Research for Agricultural Projects



PROJECT DEVELOPMENT

Notes 2

Development Investment Management



*Rapid market research helps local government units translate perceived local needs into market demand indicators.*

## Local Demand Equals Market Opportunity

Local government units (LGUs) are assumed to have a better feel of people's needs and, hence, are in a very good position to develop and implement local projects. And yet, a lot of LGU-initiated projects eventually become idle or useless. For LGUs to benefit from their first-hand knowledge of local needs, they must clearly define people's needs and translate them into market demand indicators.

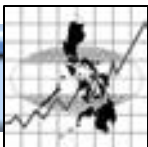
LGUs need not be limited to secondary data in the development of projects. To gain more insight into local needs and market, the LGU can conduct a rapid market research in the project area. Rapid market research is an essential activity that measures and checks actual market demand. It facilitates not only project design but also project implementation. It ensures that products and services truly respond to peculiar needs and interests of intended project users, stakeholders, and beneficiaries.

But the result of a market research may not always be consistent with that of the LGU proponent's initial idea of the project, especially because good market researches are supposed to surface information and new insights that can surprise even local experts. Some LGUs can willingly and readily go back to their drawing boards.

Is your LGU ready to respond to market realities? Or will it likely stick to pre-conceived project designs at the risk of sacrificing project viability?

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## Technology

### Rapid Market Research Essentials

An LGU that wants to apply rapid market research must have for its key agenda the adoption of this activity as a basic component of project development. Results of this research are prerequisites of firm revenue flow projections and project design assumptions. Rapid market research is a systematic process of gathering information on the target users of a proposed project and the factors that affect demand for its product/s in the shortest possible time. Without a deliberate plan, efforts can become fruitless especially in areas with highly dispersed and inaccessible respondents. Rapid market research can be done in two weeks to three months, depending on the product com-

with 100 percent coverage of target population are unattainable. A bigger sample size results to a higher confidence level. However, because of time and logistical constraints in rapid market research, the sample population must be kept to a minimum. A sample size of 30 is already acceptable for statistical analysis. A team of 10 usually can cover a good number of respondents in a two-day field research. Efficiency can be achieved if the questionnaire is tested (through mock interviews or dry run) and translated into the local language, and all interviewers practiced before actual interviews. A week or so would be needed to collate, interpret and analyze the data. To facilitate report writing, summary

to the product. Good interviewers must be able to prod, probe, encourage and challenge respondents into expressing themselves. To conduct interviews and discussions, guide questions need to be prepared. While questionnaires need to be strictly followed, guide questions could be paraphrased depending on the response generated and the flow of discussions. There is no required sample size but all significant sectors and potential users or beneficiaries must be represented. For focus group discussions, a group of five to 10 respondents is recommended. In a session, substantive information can already be gathered in 30 minutes to one hour. A good indicator that sufficient ground has



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plexity, methodology used, and the efficiency of the research team.

Both quantitative and qualitative first-hand data can be gathered in a rapid market research. Researchers may use any or a combination of social and business research methodologies they regard as most appropriate.

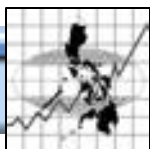
Surveys are common in government. They center on eliciting direct or straightforward information that can be summarized in a quantitative report, such as how many will avail of the project's services. LGUs must strive for a short survey questionnaire to give ample time for analysis and report writing. Surveys

tables must be set up before the field interviews.

Less commonly used in government but equally effective data gathering techniques are focus group discussions and key informant interviews. These involve gathering qualitative rather than quantitative data. The main task in qualitative research is in bringing about spontaneous discussions on the product or services that will be provided by the project, and taking note of the same. Interviews facilitate digging deeper into folk knowledge and surfacing insights on target user's preferred product attributes, and their attitudes and concerns pertaining

been covered is when the generated information and insights become repetitive. All interviewers, discussion facilitators, and documentors must allocate a day or two to organize their notes and observations.

Conducting rapid market research provides sufficient opportunities for direct consultation and participation of target project users and beneficiaries during its conception. Direct involvement strengthens their commitment and sense of ownership and ensures that projects are need-based and appropriate for the local resource and capabilities.



## Policy and Practice

### Enabling Framework

The Investment Coordination Committee's (ICC) Policy Framework for National Government Assistance for the Financing of Local Government Projects with Environmental and/or Social Objectives under the Upholding of Basic Intentions of the Devolution Policy states that "(In) consideration of local needs, resources and preferences, the planning and implementation of field activities should provide sufficient opportunities for consultation and participation by beneficiaries in the communities

being assisted. This not only lessens wasteful use of resources for unsuitable interventions but also fosters the commitment of and sense of ownership by beneficiaries."

Likewise, the Agriculture and Fisheries Modernization Act (AFMA) of 1997 or Republic Act 8435 recognizes the need to enrich the body of knowledge on the agriculture sector. Its Implementing Rules and Regulations on Research Development and Extension state that "the State shall ... give priority to research and development,

invention, innovation, and their utilization to science and technology education, training and services. In addition to appropriate and relevant technology, the state shall support indigenous and self-reliant scientific and technological capabilities, and their application to the countries' productive system and national life." Finally, progressive local chief executives maintain that priority should be given to projects that will first and foremost benefit producers and farmers in their locality more than any other sector.

### Practices That Are Working

Nueva Vizcaya, recognizing its position as the vegetable bowl in north-eastern Luzon, identified agri-terminal or *bagsakan* as a priority development investment project. Governor Rodolfo Agbayani set as a policy that the project should benefit the farmers of Nueva Vizcaya.

In the absence of a market study during the preparation of a pre-feasibility study, the concept of the Food Terminal (FTI) in Manila was used. The project study showed that it was not financially feasible because of the huge capital needed, estimated at about P 53 Million. Moreover, the projected total area required was 20 hectares, which was not available in the province. Another study was made on the assumption that interim structures and systems would be established, which would eventually become an FTI. Still, feasibility of the new design was not established because of lack of confidence in the readiness of farmers and potential investors.

In a joint meeting of GOLD consultants and LGU representatives, it was recognized that the nature and purpose of the project must be defined based on the needs, attitudes, and perception of target users. It was decided that a rapid market research be conducted to determine the charac-

teristics of target users. It was also agreed upon that a team must be organized with a clear mandate to undergo training in project development and conduct studies on priority development investment projects of the province. A research design was assigned to the newly constituted Project Development Team (PDT) for implementation.

The market research included a survey, individual in-depth interviews, and focus group discussions (FGDs) or focus group interviews. The survey covered the current *bagsakan* owner-operators, market stallholders, and *vijeros* of agricultural commodities, particularly fruits and vegetables in Bambang. Key informants interviewed were the market administrator, municip-

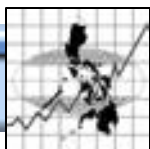
pal treasurer, and some big stall owners. The FGDs covered municipal and barangay officials, cooperatives, and farmers in three municipalities who were considered major sources of produce being traded in Bambang.

The rapid market research helped the PDT in determining the feasibility of the project, which came to be called as the Nueva Vizcaya Agri-Terminal or NVAT. The PDT used their survey and interview findings as inputs to their market demand projections for the NVAT pre-feasibility study. The market data were the basis for the technical design of the facility, the financial projections, and the recommendations to the Governor and the Sangguniang Panlalawigan on subsequent steps to project implementation.



The Nueva Vizcaya Project Development Team used their survey findings to make market demand projections for the NVAT pre-feasibility study.





# LGU Action Agenda

## What The LGU Can Do

Rapid market research entails resources. Unnecessary expenses therefore must be avoided. LGU technical staff will find the following tips useful.

1. A preliminary assessment of available and accessible information saves you time from asking questions that already have answers.
2. Scanning of available and accessible human and logistical resources both inside and outside implementing unit can give you an idea on who to network with.
3. Good teamwork and coordination are key to effective use of field time. Coordination with the municipal as well as barangay officials in identified areas must be done. Travel advances and transportation arrangements must be made well ahead of time.
4. Always pre-test your market research instruments, and always involve the interviewers in the exercise. Pre-testing should be the last chance for interviewers to clarify

meanings, internalize the questions, and when necessary, give suggestions on how to improve the same. Without pre-testing, interviewers might discover "vague" questions during actual interviews and be forced to

loosely paraphrase according to their own limited understanding. This could lead to multiple versions of the research instrument thereby making the results incomparable, if not totally inconclusive.



*Market field research work provides the project development team members the opportunity to consult target users and beneficiaries.*

## Resources and References

### Reference Materials

- NVAT Pre-Feasibility Study, Project Development Team, Provincial Government of Nueva Vizcaya, 1998
- Agriculture and Fisheries Modernization Act of 1997, RA No. 8435, July 28, 1997
- Policy Framework for National Government Assistance for Financing of Local Government Projects with Environmental and or Social Objectives, [Investment Coordination Council \(ICC\)](#), [NEDA](#)

### Sources of Technical Information

Nueva Vizcaya, Palawan, Pan-ay, Capiz, and Capiz Province are some of the LGUs that have used rapid market research in support of project development activities, with Nueva Vizcaya having the most extensive experience. For a detailed sharing of experience, please contact:

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Rapid market research was also applied in the preparation of the project study for the Capiz Inter-Municipal Water Supply Project. For more information, please contact:

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